

Memo

To: County Assessors
From: State Tax Commissioners
Date: April 8, 2010
Re: STC Rule Changes

Three amendments to State Tax Commission rules are reaching their final stages. One amendment (that would have amended 12 CSR 30-4.010) pertains to the State Tax Commission's duty under Section 137.021, RSMo to promulgate a rule on or before December 31 of each odd-numbered year setting out proposed agricultural land values. The other two amendments (amending 12 CSR 30-3.010 and 3.025) clarifies the appeal rights of owners who purchase or obtain real property at a point in the tax year when there is insufficient time to appeal the assessment to the board of equalization.

Agricultural Land Values

The first amendment, which would have affected agricultural land grade values was disapproved by the General Assembly pursuant to Section, 137.021, RSMo. As a result, the proposed amendment has been withdrawn by the Commission. Agricultural land grade values currently in use will continue to be used for the 2011-2012 assessment cycle.

New Owner's Due Process Right to Appeal

Our current rules state, that if a taxpayer purchases real property after the time to appeal to the board of equalization (BOE), he or she stands in the shoes of the prior owner with regard to appeal rights. In other words, if the prior owner did not appeal, the new owner has no right to appeal for that tax year.

The proposed rule changes, which will be effective June 30, 2010, allows a purchaser of real property who takes title less than thirty days before the deadline for appealing to the BOE or later in the year to appeal directly to the State Tax Commission. The appeal must be filed within 30 days after the statement/tax bill is sent, or the assessment is otherwise first communicated, or December 31, whichever is later.

The reasons behind this change are threefold. The current economic climate caused an increase in the number of appeals by new owners who purchased property after the time for appealing to the BOE. In many cases, the prior owner, often facing foreclosure, took no interest in the assessment on the property. Second, a recent decision from the Eastern District (*Herky LLC. v. Holman*), held that a "party in interest" is someone obligated to pay the taxes, and that such a party in interest has standing to lodge an appeal. Finally, some time ago, the Missouri Supreme Court (*Lake St. Louis Community Association v. State Tax Commission*) advised that if the system thwarts a taxpayer's due process rights, the State Tax Commission should provide a forum for appeal. Consequently, the Commission promulgated the proposed rule change.

If you have any questions regarding this memo, feel free to contact Randy Turley, Chief Counsel for the State Tax Commission.